

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE RETREAT AND REGULAR MEETING
OF THE COMMISSIONERS HELD ON MARCH 18-20, 2007

Pursuant to the call of the Chairman and notice duly given, the retreat and regular meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") was held on March 18-20, 2007 at the Inn at Virginia Tech and Skelton Conference Center, 901 Prices Fork Road, Blacksburg, Virginia.

COMMISSIONERS PRESENT:

John P. McCann, Chairman
Jay Fisette, Vice Chairman
Douglas R. Fahl
Charles McConnell
William C. Shelton
Gerald W. Hopkins
J. Braxton Powell
Nancy K. O'Brien

COMMISSIONERS ABSENT:

Yvonne T. Allmond
Terri M. Ceaser
Edward L. McCoy

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
Arthur N. Bowen, Managing Director of Finance and Administration
Barbara Blankenship, Managing Director of Human Resources
Tammy N. Taylor, Managing Director of Organizational Development and Learning
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
Janet Butler, Managing Director of Information Technology Services
Russ E. Wyatt, General Auditor
J. Judson McKellar, Jr., General Counsel
John F. Hastings, Director of Multi-Family Development Programs
Michele G. Watson, Director of Homeownership Programs
Tammy A. Tyler, Strategic Development Leader
Ronald A. Reger, Organizational Development Manager
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Melody S. Barackman, Controller
Llewellyn C. Anderson, Strategic Planner
J. Michael Hawkins, Director of Community Housing
Barry Merchant, Policy Analyst
Joseph Feasor, Business Performance Analyst
Dale Wittie, Senior Tax Credit Allocation Officer
Cara Wallo, Tax Credit Allocation Officer

Danny Ellis, GM Management
Andy Kegley, Mountain Shelter, Inc.
Kimball Payne, City of Lynchburg
Linda Witt, National City Mortgage

Chairman McCann called the meeting of the Commissioners to order at 2:02 p.m. on March 18, 2007. All of the Commissioners listed above as present at the meeting were present at that time and thereafter remained present during the meeting on March 18, 2007, except Vice Chairman Fisette who joined the meeting in progress as noted below and thereafter remained present during the meeting on March 18, 2007.

Mr. Feasor presented the draft of the Authority's business model and operating principles. During this presentation, Vice Chairman Fisette joined the meeting. The Commissioners and the staff discussed the following aspects of the Authority's business model and operating principles: use of external tax benefits and subsidies; sound financial management; creation and implementation of efficient and flexible programs; maximization of loan volume; creation of internal subsidies; and other activities of the Authority.

Mr. Bowen and Mr. Ritenour presented a report of REACH resources and utilization. In this report, Mr. Bowen discussed with the Commissioners the following issues: the importance of net revenues and net assets in the Authority's ability to accomplish its mission over the long-term; the limitations on the Authority's resources; the Authority's 2006 private bond allocation; projected loan originations to be financed by private activity bonds through fiscal year 2010; the stress test used to determine the adequacy of the Authority's capital to pay bonds after loan losses; the effect of the increase in housing costs on the Authority's resources; the balancing of long-term capital needs and critical short-term housing needs; the determination of the percentage of net revenues for REACH subsidy funds and the application of those funds to reduce interest rates; the principal considerations in the determination of such percentage; comparisons of REACH funding with internal subsidies provided by other similar organizations; the Authority's actual net revenues from fiscal year 2000 through 2006 and projected net revenues and REACH funding through fiscal year 2010; and the process by which the Authority will (i) maintain the calculation of the REACH subsidy resulting in approximately \$19.3 million in REACH subsidy for fiscal year 2008, (ii) examine usage of REACH subsidy funds in mid-fiscal year, and (iii) adjust the amount of REACH subsidy funds based on such usage, if needed. Mr. Ritenour then reported on the utilization of REACH subsidy funds. During this report, Mr. Ritenour discussed with the Commissioners the strategic initiatives supported by REACH, the amount of REACH subsidy funds allocated in fiscal year 2007 and to be allocated in fiscal year 2008, the anticipated programmatic allocations of REACH subsidy funds in fiscal year 2008 in comparison with programmatic allocations in fiscal year 2007; the approximately \$300 million in programs to be supported by the fiscal year 2008 REACH subsidy funds; and the recommended new and existing REACH subsidized programs for fiscal year 2008.

Ms. Barackman reported on the status of multi-family developments currently owned by the Authority. In her report, Ms. Barackman discussed the following: the Authority's past experience in acquiring developments; financial projections for the

developments for fiscal year 2007; the default rate on the multi-family loan portfolio; an analysis of the strengths, weaknesses, opportunities and threats relating to the Authority owned developments; the Authority's current strategy and proposed new strategy in owning and operating the developments; and the next steps in implementing the proposed new strategy. It was the consensus of the Commissioners that the staff proceed with the implementation of the new strategy as presented at the meeting and attached hereto and report to the Commissioners on the status of the Authority owned developments at the end of six months.

There being no further business on the agenda for the day, the meeting was recessed at 5:08 p.m. on March 18, 2007.

The meeting of the Commissioners was reconvened at 8:50 a.m. on March 19, 2007. All of the Commissioners listed above as present at the meeting were present at that time and thereafter remained present during the meeting on March 19, 2007, except Commissioner Fisette who left the meeting as noted below and except Commissioner Shelton who was not present at the meeting on March 19, 2007.

Ms. Dewey presented the Authority's proposed strategic plan for fiscal years 2008 through 2010. In her presentation, Ms. Dewey reviewed the three strategic goals in the proposed plan. Mr. Reger then presented a video of the strategic planning process. Mr. Ritenour, Ms. Watson, Mr. Dolce, Mr. Hastings, Mr. Hawkins, Mr. Bowen, Ms. Butler, Ms. Blankenship, Mr. Hill and Ms. Taylor discussed with the Commissioners the strategic outcomes included in the proposed plan for (i) targeted populations, (ii) balanced serviced to Virginia's regions, (iii) community support, and (iv) organizational capacity. Following a discussion of economic integration and mixed income multi-family developments, it was the consensus of the Commissioners that the strategic plan be amended by inserting "and other" before "stakeholder groups" in the first item under the Strategic Outcome titled "Community Acceptance of Affordable Housing." In the discussion of the proposed strategic plan, the Commissioners emphasized that the Authority must continue to challenge and stretch itself to meet the needs of affordable housing.

Following a lunch recess, a panel composed of Commissioner McConnell, Mr. Ellis, Mr. Kegley, Mr. Payne and Ms. Witt addressed the Commissioners on the affordable housing needs and challenges in Southwest Virginia. Each of the panel members discussed with the Commissioners the following issues from the perspective of his or her organization: the most significant barrier or challenge facing affordable housing; the principal cause or contributor to the barrier or challenge; the opportunities for the Authority to help address the barrier or challenge; and the ways in which the Authority could more effectively work as a partner with his or her organization, both short-term and long-term. The issues raised by the panel members and discussed with the Commissioners and staff included the following: NIMBY attitudes in local communities; inadequate rents for new developments; credit issues for low income households; promotion of economic integration; financial assistance for community revitalization; lack of affordable single family homes for low-income households; declining housing stock in rural communities; need for affordable housing to support new industries; credit counseling for low-income households; disincentives for family self-sufficiency; need for

additional federal low-income housing tax credit allocations in Southwest Virginia; policies to encourage mixed income developments; need for single family SPARC funds to lower monthly loan payments; and improved communication with local governments about the Authority and its programs. The panelists also made positive comments about their working relationships with the Authority.

Ms. Wallo reported on the federal low-income housing tax credit program, including a discussion with the Commissioners of the following matters: an overview of the financial assistance provided by the tax credits; the responsibilities of the Authority as the state housing credit agency; the purpose and requirements for the Qualified Allocation Plan; the performance by the Authority of the financial feasibility determination as to the amount of tax credits to be allocated to any development; the process for review and approval of the Authority's Qualified Allocation Plan; the categories of the selection criteria in the Authority's Qualified Allocation Plan, including readiness, housing needs characteristics, development characteristics, tenant population characteristics, sponsor characteristics, efficient use of resources, and bonus points criteria; the pools of tax credits in the Qualified Allocation Plan; and the balancing and tensions among the various categories of selection criteria. Mr. Wittie reported on the differences in points between the lowest ranked funded development and the highest ranked unfunded development in each of the tax credit pools for 2004 through 2006 and presented a summary of the number of points that are awarded in each of the point categories. Mr. Chandler, Ms. Wallo and Mr. Wittie summarized the public comments received at the local tax credit forums recently held by the Authority. Mr. Chandler discussed with the Commissioners the issues to be presented at the annual tax credit forum to be held on April 25, 2007 and the schedule for the 2008 Qualified Allocation Plan. During these presentations, Vice Chairman Fisetto left the meeting.

Ms. Dewey discussed with the Commissioners proposed annual and regular meeting dates of the Board of Commissioners through calendar year 2008. On motion duly made and seconded, the resolution entitled "Resolution Establishing Regular and Annual Meeting Dates of the Board of Commissioners through December 31, 2008" dated March 19, 2007, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

On motion duly made and seconded, the strategic plan for fiscal years 2008 through 2010 in the form attached hereto, as amended by inserting "and other" before "stakeholder groups" in the first item under the Strategic Outcome titled "Community Acceptance of Affordable Housing," was approved by the affirmative vote of each of the Commissioners then present at the meeting.

There being no further business on the agenda for the day, the meeting was recessed at approximately 5:15 p.m. on March 19, 2007.

Chairman McCann reconvened the meeting at approximately 10:07 a.m. on March 20, 2007. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting on March 20, 2007, except Vice Chairman Fisetto, Commissioner Shelton and Commissioner Hopkins who were not present during the meeting on March 20, 2007.

No members of the public requested an opportunity to make any comments during the public comment period of the meeting.

On motion duly made and seconded, the minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on January 16 and 17, 2007 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

Chairman McCann, on behalf of the Audit Committee, summarized the following staff reports that were received and discussed by the Committee: the reports from Mr. Bowen and Ms. Barackman on the Authority's operating statement and balance sheet for the period ended January 31, 2007 and on the Authority's financial highlights for the period ended January 31, 2007; the reports from Mr. Wyatt on the status of the internal audit schedule and internal audit reports; and an update report from Mr. Wyatt on the process to implement best practices under the Sarbanes-Oxley Act.

Chairman McCann, on behalf of the Operations Committee, reported that the Committee had received and discussed staff reports on the budget drivers for fiscal year 2008. In this report, Chairman McCann reported that the Committee had approved a 4% merit pay increase for the purpose of preparing the 2008 fiscal year budget and had reviewed and discussed the following matters: an increase of 10 additional staff positions for fiscal year 2008; the status of construction at the Virginia Housing Center in Innsbrook; the proposed budget for the Wytheville office, including a projected increase of approximately \$400,000 in renovation costs; the expected increase of approximately \$4 million in the costs of the modernization of the Authority's offices in Richmond; and proposed information technology projects for fiscal year 2008. Chairman McCann next reported that the Committee had reviewed and discussed, and recommended approval of, the bond limitations resolution for the Authority's Rental Housing Bonds. Mr. McKellar then advised the Commissioners that the resolution (i) provides for issuance of Rental Housing Bonds in an aggregate amount not to exceed \$450 million, (ii) provides for the sale of the Bonds not later than May 31, 2008 and (iii) authorizes the distribution of one or more preliminary and final official statements in substantially the form presented at the meeting. On motion duly made and seconded, the resolution entitled "Bond Limitations Resolution" dated March 20, 2007, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners then present at the meeting. Chairman McCann next reported that the Committee had received a report on the salient features of the Authority's proposed Commonwealth Mortgage Bonds, 2007 Series A-AMT, B-AMT, C-AMT and D, and 2007 Series E Pass-Through Certificates.

Commissioner McConnell, on behalf of the Programs Committee, summarized the staff reports that were received and discussed by the Committee on the following matters: the homeownership and multi-family loan production; the homeownership and multi-family loan delinquencies; and an update on the Housing Choice Voucher Program. Commissioner McConnell next reported that the Committee had reviewed and discussed, and recommended approval of, the annual and five-year plans for the Authority's administration of the Housing Choice Voucher Program. On motion duly made and seconded, the resolution entitled "Resolution Approving the PHA Annual and Five-Year

Plans for the Virginia Housing Development Authority for the Housing Choice Voucher Program” dated March 20, 2007, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner McConnell next reported that the Committee had reviewed and discussed staff reports on the following additional matters: the applications received by the Authority for reservations of 2007 federal low-income housing tax credits; the status of REACH Team activities in support of local affordable housing planning; and the status of the Authority’s emerging market outreach efforts.

Ms. Dewey presented her report of operations in which she advised the Commissioners as to the following matters: the Authority’s housing fair to be held in Roanoke on June 23, 2007; the closing of the Authority’s mortgage loans to finance Janna Lee; the NCSHA annual conference to be held in New Orleans on September 16-18, 2007; the Governor’s Housing Conference to be held in Roanoke on November 14-16, 2007; and the status of delinquencies in the single family mortgage loan portfolio.

There being no further business, the meeting was adjourned at approximately 10:38 a.m.

John P. McCann, Chairman

J. Judson McKellar, Jr.
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE

HELD ON MARCH 20, 2007

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Programs Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on March 20, 2007 at The Inn at Virginia Tech and Skelton Conference Center, 901 Prices Fork Road, Blacksburg, Virginia.

COMMITTEE MEMBERS PRESENT:

Charles McConnell, Committee Chairman
Douglas R. Fahl

COMMITTEE MEMBERS ABSENT:

William C. Shelton
Gerald W. Hopkins

OTHERS PRESENT:

Donald L. Ritenour, Managing Director of Development
Michele G. Watson, Director of Homeownership Development Programs
John F. Hastings, Director of Multi-Family Development Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
J. Michael Hawkins, Director of Community Housing
Llewellyn C. Anderson, Strategic Planner
Ronald A. Reger, Organizational Development Manager
J. Judson McKellar, Jr., General Counsel
Thomas A. Dolce, Managing Director of Servicing and Compliance
Barry Merchant, Policy Analyst
Tammy A. Tyler, Strategic Development Leader
Joseph Feasor, Business Performance Analyst

The meeting of the Committee was called to order by Committee Chairman McConnell at approximately 8:42 a.m. All of the members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting.

On motion duly made and seconded, the minutes of the meeting of the Committee held on January 17, 2007 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Ritenour and Ms. Watson presented the Homeownership Bi-monthly Loan Reservation Summary. Ms Watson noted that the Authority had continued to experience significant increases in single family loan production and that the staff had undertaken actions intended to reduce the loan volume in programs financed by the Authority's tax exempt bonds. In addition, Ms. Watson commented that the state average loan amount had increased by \$15,000 from January and February 2006.

Mr. Ritenour and Mr. Hastings reviewed the Multi-family Bi-monthly Production Report. Mr. Ritenour noted that all 16 developments receiving Board approval for the period January 9, 2007 to March 7, 2007 were assisted with REACH funds. In addition, Mr. Hastings commented that, during the period July 1, 2006 through February 28, 2007, mortgage loan commitments had been issued to finance loans for 3,847 units representing approximately 96% of the Authority's fiscal year 2007 goal for multi-family housing.

Mr. Dolce presented reports on the status of delinquencies and foreclosures in the homeownership and multifamily loan servicing portfolios. Mr. Dolce noted that as of January 31, 2007 the overall delinquency rate for the homeownership programs had decreased to 5.03% and the overall delinquency rate for the multi-family programs had decreased to 0.57%. Mr. Dolce also presented an update on the Housing Choice Voucher Program in which he stated that leasing was at 99.5% as of March 15, 2007. Mr. Dolce next presented a resolution to approve the Authority's annual and five-year plans for the Housing Choice Voucher Program to become effective July 1, 2007. Commissioner Fahl moved that the Committee recommend to the Board of Commissioners approval of the resolution entitled "Resolution Approving the PHA Annual and Five-Year Plans for the Virginia Housing Development Authority for the Housing Choice Voucher Program" dated March 20, 2007. This motion was seconded by Commissioner McConnell and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. Hawkins presented a report summarizing the efforts by the REACH Team in support of local housing planning and community revitalization. In this report, Mr. Hawkins discussed with the Commissioners the approach used by the REACH Team to assist localities with planning and revitalization and described the REACH Team's activities in various localities.

Mr. Chandler presented a report on the applications received by the Authority for allocations of the 2007 federal low-income housing tax credits. In this report, Mr. Chandler noted that approximately \$25 million of tax credits had been requested for the available \$14.9 million in tax credits.

Mr. Hawkins presented a report on the status of the Authority's emerging market outreach efforts during January and February 2007.

There being no further business, the meeting was adjourned at 9:55 a.m.

Minutes of the Meeting of the Audit Committee Held on March 20, 2007

The meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on March 20, 2007 at The Inn at Virginia Tech and Skelton Conference Center, 901 Prices Fork Road, Blacksburg, Virginia.

Committee Members Present John P. McCann
Braxton Powell
Nancy O'Brien

Committee Members Absent Yvonne Allmond
Edward McCoy

Others Present Susan Dewey, Executive Director
Arthur N. Bowen, III, Managing Director of Finance and Administration
Russ E. Wyatt, General Auditor
Barbara Blankenship, Managing Director of Human Resources
Janet Butler, Managing Director of Information Technology Services
Herb Hill, Managing Director of Policy, Planning and Communications
Melody Barackman, Controller
Joe Feaser, Business Performance Analyst
Maria Barrow, Office Manager

Meeting Called to Order The meeting was called to order at 8:35 a.m. All of the members noted above as being present at the meeting were present at that time and remained present throughout the meeting.

Approval of the Minutes On motion duly made by Commissioner O'Brien and seconded by Commissioner Powell, the minutes of the Audit Committee meeting of January 17, 2007 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

Report on Monthly Financials and Budget Comparisons Melody Barackman reviewed VHDA's completed financial statements dated January 31, 2007. Ms. Barackman noted that she would meet with KPMG in the near future to plan the upcoming audit. Some of the discussions will include post-retirement benefits, pollution remediation obligations as they relate to owned property. Ms. Barackman stated that she will meet with VHDA's asset managers to determine how much VHDA will need to set aside in the upcoming budget for these expenses.

Internal Audit Report

Russ Wyatt reported that two audits (Accounting Department and Tax Credit Allocation Department) had been completed since the last meeting, that both of these were clean audits, that four audits are in progress, and that the Schedule Update is on track to complete as planned. He reported that there is no follow-up of unresolved audit issues.

Mr. Wyatt asked that all Committee members return their Committee Certification letters to Chairman McCann who will review them and send them to Mr. Wyatt.

SOX

Russ Wyatt gave a status update on the ongoing SOX project. He stated that so far he had created a charter to address Audit Committee makeup and responsibilities and external auditor limitations. He also stated that he had established a whistle-blower hotline on VHDA's Intranet. These requirements of the SOX Act were characterized as the low-hanging fruit. Mr. Wyatt also reported that he is evaluating automated tools to help management perform their SOX 404 responsibilities and has established a core team consisting of Melody Barackman, Art Bowen, Ross Strodel, Ron Reger and himself. The team has renamed the project Enterprise Risk Management (ERM) to more accurately reflect its mission as the project goes beyond SOX requirements, which typically are not risk based and address only financial controls. Mr. Wyatt also indicated that VHDA intends to implement only those practices mandated by SOX that are considered appropriate for VHDA. Mr. Wyatt reported that the team will continue to look at automated systems, however, Mr. Wyatt indicated that the project should drive the automation and not vice versa. In addition, Mr. Wyatt reported that the team will be evaluating ways to blend ERM into VHDA's Strategic Planning process and will continue to evaluate implementation strategies.

Commissioner Powell asked how the whistle blower hotline would be handled. Mr. Wyatt explained that these come in the form of anonymous emails to him via VHDA's Intranet and that Susan Dewey sends an annual email to all associates advising them of VHDA's hotline as well as the state's hotline.

Commissioner Powell asked if SOX addressed how frequently Boards should meet and if VHDA's new quarterly meeting schedule would meet that requirement. Mr. Wyatt noted that although he was not familiar with the exact number of meeting required by SOX, he believed the quarterly schedule would more than meet the requirement.

Annual Audit

Chairman McCann informed Ms. Barackman that the Audit Committee would like to meet with the external auditors (partner and auditors) before they start the annual audit. Mr. Wyatt said that he would give Ms. Barackman a copy of the Audit Charter that addresses external auditor requirements.

Audit Review

Chairman McCann mentioned that Richard Tarr, the Audit Consultant, met with him and VHDA staff recently. This review of VHDA’s Internal Audit Department is conducted every five years. Chairman McCann reported that Mr. Tarr stated that there needs to be more flexibility in the audit schedule. Ms. Dewey reported that she has received a copy of the draft report, which she will review. She stated that VHDA should receive the final report and recommendations in time for the May meeting.

Adjournment

There being no further business, Commissioner Powell moved for adjournment of the meeting at 8:53 a.m. Commissioner O’Brien seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Russ E. Wyatt
General Auditor

John P. McCann
Chairman of the Board

Minutes of the Meeting of the Operations Committee Held on March 20, 2007

The meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on March 20, 2007 at The Inn at Virginia Tech and Skelton Conference Center, 901 Prices Fork Road, Blacksburg, Virginia.

Committee John P. McCann
Members Present Braxton Powell
Nancy O'Brien

Committee Yvonne Allmond
Members Absent Edward McCoy

Others Present Susan Dewey, Executive Director
Arthur N. Bowen, III, Managing Director of Finance and Administration
Russ E. Wyatt, General Auditor
Barbara Blankenship, Managing Director of Human Resources
Janet Butler, Managing Director of Information Technology Services
Herb Hill, Managing Director of Policy, Planning and Communications
Tammy Taylor, Chief Learning Officer
Melody Barackman, Controller
Joe Feaser, Business Performance Analyst
Maria Barrow, Office Manager

Meeting Called to Order The meeting was called to order at 8:55 a.m. All of the members noted above as being present at the meeting were present at that time and remained present throughout the meeting.

Approval of the Minutes On motion duly made by Commissioner O'Brien and seconded by Commissioner Powell, the minutes of the Operations Committee meeting of January 17, 2007 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

Budget Drivers Art Bowen opened the report by stating that at the May meeting, staff will present for Board approval the proposed FY 2008 budget. In preparation for those discussions, staff would like to make the Committee aware of and get input on several items.

Compensation: After a thorough discussion, a motion to recommend approval by the Board of a merit pool of 4% to be placed in the 2008 Budget for the 2007 merit increases was made by Commissioner Powell. Commissioner O'Brien seconded the motion. This motion was approved by the affirmative vote of all of the Commissioners noted above as present at the meeting.

**Budget Drivers,
cont'd.**

Positions: Barbara Blankenship described the new positions and need for these. The Committee approved the inclusion of the new positions in the FY 2008 Budget. Chairman McCann encouraged VHDA to promote and cross-train from within.

Capital Projects: Art Bowen distributed and reviewed a paper outlining the current state of VHDA's three capital projects: Virginia Housing Center in Innsbrook, Wytheville property, and VHDA HQ.

Technology: Janet Butler explained the increase in costs for our technology needs in the FY 2008 Budget.

**Multifamily Bond
Limitations
Resolution**

Art Bowen explained that the Multifamily Bond Limitations Resolution will authorize the sale of Bonds until May 31, 2008 in the maximum principal amount of \$450 million. The resolution has been reviewed and approved by VHDA's General Counsel and bond counsel. A motion to recommend approval by the Board of the resolution was made by Commissioner Powell and seconded by Commissioner O'Brien. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Salient Features

Art Bowen presented the salient features of two upcoming bonds issues:

- Four series: Commonwealth Mortgage Bonds, Draw Down Bonds, and 2007 Series A-AMT, B-AMT, C-AMT and D, in March or April 2007 in the amount of \$1.3 billion, rated Aaa/VMIG-1 and AAA/A1+
 - Commonwealth Mortgage Bonds, 2007 Series E Pass-Through Certificates in May 2007 in the amount of \$50 million, rated Aaa and AAA
-

Other Business

Art Bowen noted that he received a report this morning that FannieMae will get back into the tax-exempt bond market and begin purchasing securities.

**Succession
Planning**

Chairman McCann asked for a discussion of succession planning at a future Operations Committee meeting and then have a discussion at the following Board meeting. Tammy Taylor said that this would be a good idea. She proposed putting Succession Planning on the May and August Operations Committee agendas and perhaps placing ODL Update as a standard discussion/report item on all future Operations Committee agendas. In this manner, Ms. Taylor will be able to keep the Operations Committee updated on all ODL efforts, including succession planning. The Committee agreed to this.

Adjournment

There being no further business, Commissioner O'Brien moved for adjournment of the meeting at 9:53 a.m. Commissioner Powell seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Arthur N. Bowen, III
Managing Director of Finance &
Administration

John P. McCann
Chairman of the Board